

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
FIRST-CLASS PACKAGE SERVICE CONTRACT 39
(MC2016-38)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2016-47

**NOTICE OF UNITED STATES POSTAL SERVICE OF
AMENDMENT TO FIRST-CLASS PACKAGE SERVICE CONTRACT 39,
WITH PORTIONS FILED UNDER SEAL
(April 29, 2016)**

The Postal Service hereby provides notice that prices under First-Class Package Service Contract 39, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to First-Class Package Service Contract 39 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective one business day following the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 29, 2016

ATTACHMENT A

REDACTED AMENDMENT TO FIRST-CLASS PACKAGE SERVICE CONTRACT 39

**AMENDMENT #1
TO NEGOTIATED SERVICE AGREEMENT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND**

REGARDING FIRST-CLASS PACKAGE SERVICE

WHEREAS, the United States Postal Service ("the Postal Service") and [REDACTED] ("Customer") entered into a shipping services contract regarding First-Class Package Service on November 25, 2015.

WHEREAS, the Parties desire to amend Sections I.E, I.F, I.G, and I.J under this contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective one business day following the day on which the Commission issues all necessary regulatory approval.

[Section I.E will be amended by inserting new Section I.E.3, as follows:]

I. Terms

E.

3. FCPS Presort Commitment. In order to qualify for the discounts listed in Tables 3-6, Customer must presort [REDACTED] of Contract Packages, to the ADC ("Area Distribution Center"). Contract Packages must be presorted in accordance with the L104 ADC sortation label list for sack preparation and the guidelines in Facility Access and Shipment Tracking (FAST) for drop ship appointments. Within fifteen (15) calendar days of the close of the Contract Quarter of each year of the Contract the Postal Service will calculate the percentage of Contract Packages that have been presorted to the ADC by dividing the volume of presorted packages by the volume of Contract Packages shipped during each period. The Customer agrees to provide the Postal Service with their manifest report to support the reconciliation process.

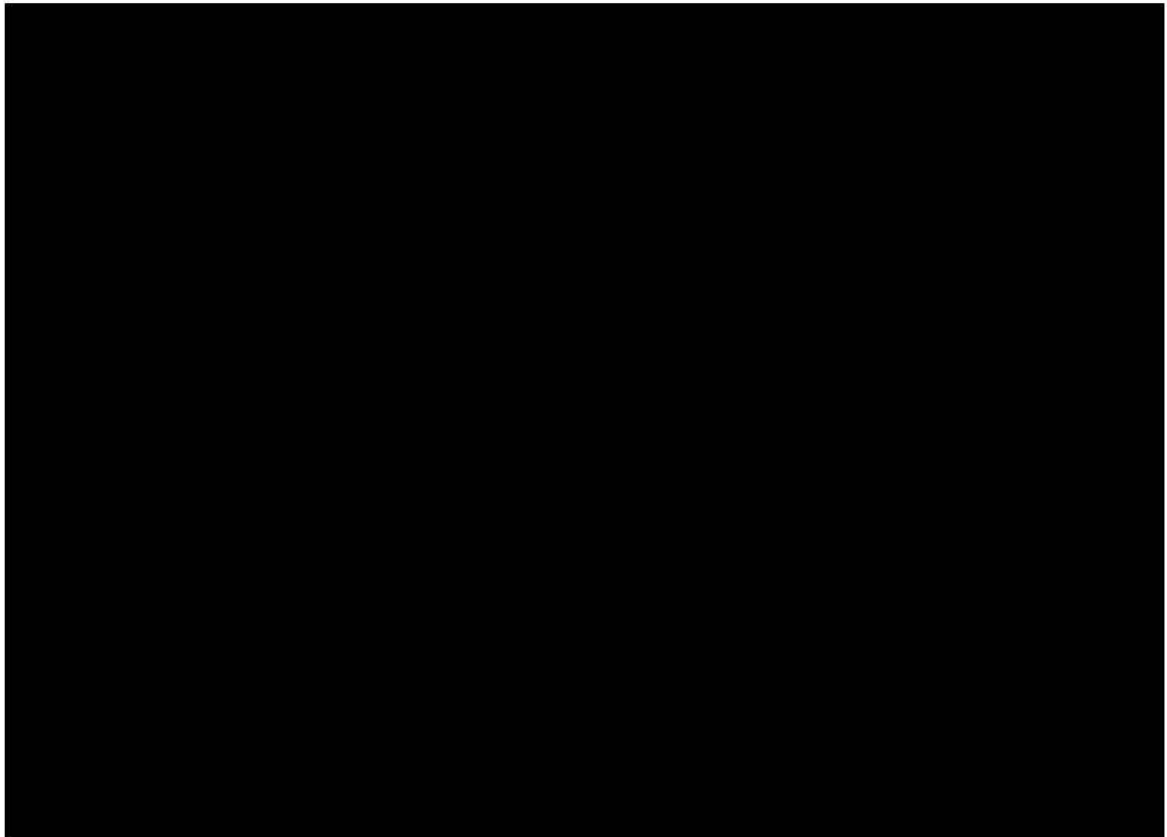
[Section I.F. will be amended by inserting new Section I.F.1, as follows:]

F. First-Class Package Service Contract Rates

1. From the effective date of this amendment until the end of the second full Contract Quarter ("Implementation Period"), as outlined in Table 1, Customer will receive the Tier 3 rates for First-Class Package Service (FCPS) Contract Packages, pursuant to Table 5 below. Customer will be exempt from the minimum average volume defined in Table 2 during the Implementation Period.

[Section I.G. shall be deleted and replaced in its entirety, as follows:]

G. Custom First-Class Package Service Commercial Tier Tables.



[Section I.J. will be amended by inserting new Section I.J.1 and I.J.2, as follows:]

J. Annual Adjustment

1. For subsequent years of the shipping contract, customized prices under the agreement would be the lesser of: (1) the previous year's prices plus the most recent (as of the anniversary date) average increase in prices of general applicability for First-Class Package Services, or (2) the previous year's prices [REDACTED] (Prices are calculated by USPS and rounded up to the nearest whole cent.)
2. If the Postal Service maintains or decreases published rates of applicability for First-Class Package Service, there shall be no change to contract pricing for that Contract Year.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: DocuSigned by: Cliff Rucker

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Printed Name: Cliff Rucker

Title: VP Sales

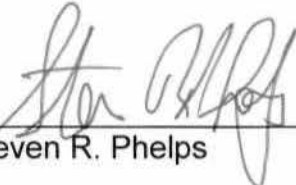
Date: 4/6/2016

ATTACHMENT B
SIGNED CERTIFICATION

**Certification of Prices for Amendment to
First-Class Package Service Contract 39**

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to First-Class Package Service Contract 39. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



Steven R. Phelps